



“Zydus Wellness Limited Post Results Q&A Session
with Analysts/Investors”

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Moderator: Ladies and gentlemen, good day and welcome to the Zydus Wellness Limited Post-Results Q&A Session with Analysts and Investors. As a remainder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing * then 0 on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Tarun Arora – COO & Whole Time Director of the Zydus Wellness Limited. Thank you and over to you sir.

Tarun Arora: Good afternoon and welcome to the Post-Result Teleconference of Zydus Wellness Limited for the second quarter of financial year 2015-16. We have with us Dr. Sharvil Patel – Chairman, Mr. Ganesh Nayak – Director, Mr. Amit Jain – CFO of Zydus Wellness.

Coming to the financial highlights during the quarter gone by on a consolidated basis – our total income from operations was up by 2.2% year-on-year to Rs. 1053 million. We have reduced the prices of Nutralite in the institutional segment and hence sales numbers are not comparable with the same quarter last year. On a like-to-like basis growth in income from operations would have been 3.6%. Our gross margin as a percentage of total income from operations have increased to 72.2% for the quarter from 69.8% during the same quarter previous year mainly due to reduction in the prices of key input materials. Earnings before interest depreciation and tax were up by 4.4% year-on-year to Rs. 269 million. EBITDA margins increased by 60 basis points year-on-year and now stands at 25.6%. Profit before tax was up by 8.1% year-on-year to Rs. 330 million. Net profit goes up by 6.6% year-on-year to Rs. 291 million. With that let me share some of the highlights of the operations for the quarter gone by and some of the other initiatives that like to share. One of them the first one being to build on a strong base of Sugar Free Natura with desserts and sweets. In the festival period, we have launched a “Sugar Free Dessert Challenge” where in people would be invited to submit their dessert recipes made with Sugar Free. This has been done in conjunction with master chef Sanjeev Kapoor. This initiative would go on till the end of quarter 3 and would help us to improve the brand connect with the consumers.

As per MAT September 15 report of AC Neilson, the artificial sweetener category has grown by 8.5%. Sugar free has gained market share by 40 basis points and maintained its number one position with the market share of 92.8%. The scrub category has grown by 10.5%. Everyuth scrub has maintained its number one position with the market share of 31.4%. The peel off mask category has declined by 4.6% however the Everyuth peel off mask has gained market share by 70 basis point and maintained its number one position with a market share of 91.2%. The margarine category has gone by 4.9%. Nutralite has gained market share by 560 basis points and maintained its number one position with market share of 40.7% in the retail segment. Thank you and we will now start with Q&A session. Over to the coordinator for the Q&A.

Moderator: Thank you very much sir. Ladies and gentlemen we will now begin the question and answer session. Our first question is from the line of Ashish Uppanwar of Elara Capital. Please go ahead.

Ashish Uppanwar: Just wanted to understand 2% kind of sales growth, is it the entire market or is it specific due to the problem that we have been having and what are we doing to get the growth rate going for the company as whole.

Tarun Arora: The 2.2% growth rate is reflective of all the brands put together. It is consistent with the growth rate earlier we have had. We are working on clearly establishing a differential growth rate so growing the categories as you would realize most of the categories we have significant share and therefore the battle for us would be not just a share but to focus on growing the categories. In some of the specific categories like you would have noticed we moved our share significantly up to seeing some traction on the brands. But all put together that is where really what the major challenge for the business has been.

Ashish Uppanwar: What are the concrete steps that we are taking and how confident are we that may be in another couple of quarters or may be whatever timeline you suggest growth will be back and if you can give some qualitative comments on each of the categories, how things look to you from a one year perspective at least?

Tarun Arora: If I were to give you, let us start with the 3 main categories that we really operate. First of all is the artificial sweeteners, sugar substitute is the better word to this category and this is a category where we have a significant share 92.88 at a MAT level. So clearly the challenge is how to get more consumers into this category. We have also been focusing. So there are two parts to this. One is the marketing for reaching out to more consumers to get them more consumers coming into it getting them more habitual to this category by the benefits of this. In other cases, reaching out to a large audience through increasing our distribution for this category enhancing our distribution. So these aspects lot of initiatives are in place as you would notice that overall and I think it is not just for this category alone first of all, we are continuously upped our marketing investment on growing this category. A good example is the initiative I have just mentioned. We are doing a fair amount of on ground activation where consumers can and this is a festival period and where consumers can sample this category and then probably get habitual for using this category and you find culinary globally is much larger space. In India that space is relatively smaller and we see good traction for that therefore, we think with local festivals in different parts of the country like Durga Pooja, dessert challenge with Sugar Free which we have tied up with Sanjeev Kapoor. So there are many initiatives in place. On the other side as far as the distribution is concerned we have clearly expanded our distribution by about 3% on Sugar Free Gold and about 16%-17% on Sugar Free Natura over last year. So we are doing all those actions to grow this category and I think we do not get into more details, but we are clearly seeing some of the parts of that phase giving us positive results. I think over next couple of quarters you should see clearly a much larger growth rate. We clearly expect double digit growth to come back to this category for us. In fact when we are looking at off take, off takes has reported and showing a good positive

movement. So I think assuming that lead indicator for where the category is headed I think we could build further on it. So that is about Sugar Free. Getting into Nutralite, I think Nutralite is a category again which has been largely and margarine is a category where we have a significant share and the task is to get consumers more aware of the functional benefits of fat spread or a butter substitute. That is why we have rolled out a campaign last quarter and you would have seen in major cities like Delhi, Mumbai, Calcutta where we have taken front page advertising on the benefits of Nutralite, we put hoardings. So clearly again second level we are investing on building consumer knowledge on the benefits of this category. We have also initiated steps on expanding distribution. The market share is up. The biggest challenge is to grow this category more aggressively which I think sustained efforts will give us results. The distribution here will be the most critical challenge, this follows the cold chain. So we have to balance it out in a way with all major cities we are driving it right, so that is clearly a major task we are seeing. That is one of the reason we are backing this category and we see a positive movement on that.

Coming to the third brand Everyuth which we do not see as just one brand or one category but three sub segments that existing facial cleansing. So we have been fairly challenged on a face wash and I think face wash is something which is of a drag and this is part from a marketing perspective. We are working on this segment has had very aggressive investment by multiple players and we have not been able to crack this category so far and we are aware of this and acknowledge that piece and we are working and it will take us 3-4 quarters before we can relaunch and get a significant movement back in face wash. However, other two segments where we have significant share, for example scrub first, scrub where we have a significant market share at 31% and we are leader in that space we are in last quarter very good positive movement forward. Similarly peel off segment which is also not a very large segment but significant for us as a brand and we hold about 91% share. There also we have been able to turn the tide in terms of that segment was declining. On a MAT basis it still demonstrates 4.6% decline but over last two quarters it has actually turned positive and therefore at the MAT level, the decline has reduced. So we have seen these movements in a positive direction. The investment behind scrub and peel off is clearly giving us results. The other thing I can share with you is in scrub and peel off we have launched over last 6 quarters two innovations. One is Everyuth Advanced Hydro gel Scrub which is a moisturizing along with scrub that gaining momentum and we have really picked up numbers on that and that is really helping us gain share. On peel off also we have talked about couple of quarters back where we have launched the advanced golden globe peel off, that is also helping us gain share, gain the momentum back into this category. So series of action across brands which is both on activation front and getting more consumers in. Innovations which are based on consumer insights for example people who want more moisturizing with scrub, so those consumer insight based innovation and the third phase being the distribution. So all pieces are coming together and with our marketing investment behind these initiatives I think we are clearly positive about how all our categories will pan out over next 2 quarters. We clearly expect to be back in double digits in that space.

Ashish Upganlwar: Lastly if I can ask, you are saying distribution is one of the key drivers probably you will see whether there is gap. We travelled across the country but I think your products are very well available even in tier 3, 4 cities wherever there is demand probably and do you think that is one big lever that you have or is it an add on that you see where probably building up brands and categories maybe 70% of the work to be done and say 20%-30% is on the distribution basis to get the double digit growth growing.

Tarun Arora: So everything works together. Distribution is already fairly good from a category point of view but as we grow further I think we need to keep enhancing our distribution and as a lead of this Sugar Free and Nutralite we continue to build our distribution further. Everyuth for example we already have a 400,000 outlets available. There is still room for growth and as these categories expand we will continue to use these lever. Can it be standalone, I am not seeing it anything as a standalone. It will be a mix of all the activities come together.

Moderator: Thank you. Our next question is from Sonali Salgaonkar of Yes Securities. Please go ahead.

Sonali Salgaonkar: Firstly, with reference to the distribution overall that is completed last year I just wanted to get a sense as to what kind of benefits we feel are accruing from the same?

Tarun Arora: The benefits are that our ability to scale up has gone up because our ability to add people, the feet on street, the people who are actually reaching out to more outlet has gone up. I think the big, just to share with you I think we already have a fair amount of distribution direct and indirect put together. Putting more feet on street allows superior direct distribution which will also help our initiatives like innovation etc. expand more aggressively and that is I think the biggest benefit of driving this distribution initiative.

Sonali Salgaonkar: Sir just wanted to get a sense like how many quarters could we see the benefits of that start trickling down to our topline?

Management : I think we are expecting over next couple of quarters the numbers to be back on track in terms of at least a double digit growth and the other people which I mentioned their initiatives are working together. We are clearly seeing some movement internally on some sub brand level follow it through over the next couple of quarters at an overall level.

Sonali Salgaonkar: Sir my next question is with reference to the expansion in your gross margin. Now you mentioned in your initial comments that this is because of reduction in input cost. Could you please elaborate more on that as well as the trend that you see in the coming quarters for the same?

Management: The gross margin expansion has actually happened because of the softening of the input material prices which is palm oil, sucralose etc. which are key drivers of the cost and we see that such margins are actually continuing till next 2-3 quarters. Yes, we see them as stable.

- Sonali Salgaonkar:** Sir my third question is with reference to your ad spend and promotion, I do understand that you require to spend more because for creating category awareness especially in a nascent market such as India but just wanted to understand from you, what kind of trend we are looking at over here. I mean are we expecting that to be kind of form at these levels or do you think that there is more or we can expect an upward trajectory in the same?
- Management:** So we expect it to be at a similar level. We have maintained even in our earlier calls I think we maintained a 20% kind of Ato S ratio.
- Sonali Salgaonkar:** So it will be maintained at the current levels, okay. Sir my last question is with reference to you mentioned that you have reduced the price of Nutralite in your institutional segment. Would you be able to quantify what is the price reduction QoQ as well as YoY?
- Management:** We are not sharing those specific details.
- Moderator:** Thank you. Our next question is from the line of Kashyap Pujara of Axis Capital. Please go ahead.
- Kashyap Pujara:** My question was, I just missed out on the category growth that you cited in the beginning. You mentioned 8.5% was Sugar Free category growth and we improved market share by 40 basis points. What did you mention for Everyuth scrubs?
- Tarun Arora:** Everyuth Scrub category has gone by 10.5% and we maintain market share with 31.4%.
- Kashyap Pujara:** And in terms of Everyuth peel off?
- Tarun Arora:** Peel off, at a MAT level the category has declined by 4.6% and Everyuth peel off mask has gained market share by 70 basis points. We maintain number one position with the market share of 91.2% on a MAT level.
- Kashyap Pujara:** And the margarine category you said is up 5% and market share is around 40.9, right?
- Tarun Arora:** Yes.
- Kashyap Pujara:** And on the face wash side?
- Tarun Arora:** Face wash side, I think it is close to about 2%.
- Kashyap Pujara:** In terms of growth?
- Tarun Arora:** No, the market share. The category growth is in the order of 15% approximately, 15%-16%. I mentioned we had a market share.
- Kashyap Pujara:** So this is where the problem is basically. This is the reason why our sales growth is anemic.

- Tarun Arora:** I mean, yes this pulls down the...
- Kashyap Pujara:** Nevertheless, I am just saying it aloud that if Sugar Free which arguably should be your largest category has grown by 8.5% with us growing market share. So clearly you would have grown better there. Your Everyuth and margarine and all other things are fine. So how come then the sales growth is just 2%. I mean is it that face wash is still reasonably large on the overall sales composition and have dipped really high compared to the growth that we are not able to make up for it?
- Tarun Arora:** So these numbers that we are sharing on a MAT basis and we are seeing some of these numbers are improving over a period of time and in NL it was clearly mentioned that there was also a price reduction which pulled down the reported growth levels, the volume growth might be better.
- Kashyap Pujara:** And that was in the margarine category that is the price reduction. But then as a mix, like increase like I think traditionally reasonable portion I think close to 60% or 70% of the business should be institutional. So do you think that mix having gone up that we are facing this, I mean what is your sense there?
- Tarun Arora:** Mix remains consistent. Mix has not changed.
- Kashyap Pujara:** So mix is not changing. But basically its face wash having suffered and margarine institutional segment, the price reduction which is the reason why we are seeing this growth?
- Tarun Arora:** These are two major issues.
- Kashyap Pujara:** Having said that I think if I remember right, you had introduced sachets in the face wash as a first of its kind while everyone as the leaders had not done it. So I think in somewhere there was a feeling that, what Chic did to Calvin Care at that time in terms, may be the face wash smaller sachets would have revived fortunes. So is not some of those initiatives working out?
- Tarun Arora:** I think the initiative is till bang on but the category has a lower town classes where this grew. But build the category is still very small. It is still a very urban category. So as category will grow, we do have a potential to get growth but we will have to see all this really builds up.
- Kashyap Pujara:** No fair enough. While I understand the distribution side of what you said and again you know I am willing to take a call that we have fixed our distribution and we will get distribution gains which should manifest in sales growth going ahead. But from a category perspective as far as face wash is concerned inherently what is the belief, is it a lost battle for us or do you see any possibility to scale up or where are we basically?
- Tarun Arora:** I think just to say that it is lost, I think not really, Everyuth is still a very strong brand and fairly large enough in the overall facial cleansing. So to revive face wash will take some bit of

marketing challenge, we will take a few quarters before we can really report growth back, so that is really our point of view on this.

Management: Yes, one important thing on the face wash side you have to understand is that unfortunately for us the new introduction does not work and that has led to some of the issue because we did couple of launch in the last year and this year but they have not worked and so that base is still there. So we are hoping that next year with the right kind of launches like we have done in scrub and peel offs which similarly if you are able to do that in face wash and the original lemon face wash is still very highly perceived and well-received we can come back in the coming year.

Tarun Arora: So it is not write off, there is clearly potential to get it back. It will take few quarters to fix.

Kashyap Pujara: I think recently I was also seeing some of our new ads in the media in terms of the apricot scrubs that you again, I think there already you got into the sachet form if I remember right, so you know at an attractive price point. So are some of these initiatives holding us up?

Tarun Arora: So the scrub you are talking about we advertise the innovation that we talked about hydrogel scrub, the innovation. That is really a lead carrier for the scrub category. We are clearly seeing a good traction on that. We have had sachets for all along on that for a while.

Kashyap Pujara: And second thing is just from a price perspective apart from margarine where we have seen a price dipped in the institutional segment, what are the kind of price hikes you have taken across all segments, if you can just give some anecdote there?

Tarun Arora: No, we have not taken any specific price hikes last quarter.

Kashyap Pujara: So there has been no price hike in this year in sugar free or in other categories?

Tarun Arora: No price hikes so far.

Kashyap Pujara: I am just saying aloud, I mean since we are the leader in the Sugar Free segment wouldn't price hike also be a logical function of growth or what are your thoughts on that?

Tarun Arora: Because of our market share and strength of the brand, we do have a significant pricing power. Our aim is not to further build on it but to see we grow the category and we are taking actions on that. So price hike is not really required for us to take it forward.

Kashyap Pujara: Lastly you know I just wanted to take your thoughts on what are your views on global changes that we are seeing. Recently Splenda got bought by Harvest, J&J sold it and you have also seen Tate & Lyle shut a facility in Singapore and since I would be under impression that most of Splenda which would be may be coming in India which is far and few between would be all imports, so what are the thoughts on your competition, also in terms of Chinese products generics, which basically may be looking at been the key reason at least a lot of things written

internationally about Chinese competition coming in against the Sugar Free category globally. So what are your thoughts on all this things?

Tarun Arora: I don't think there is no worry on those fronts. Our focus remains on consumer and growing our franchise with our consumers. How to get more consumers on to the Sugar substitutes and the benefit of it. I do not think there is any significant impact on us in this area.

Moderator: Thank you. Our next question is from Deep Master of Enam Holdings. Please go ahead.

Deep Master: So I just had a similar question on the Sugar Free growth. We have been seeing consistent MAT growth in Sugar Free and Sugar Free is big part of your sales. So I am just trying to understand why it is not translating into wholesale growth for you. You know for the last 3 quarters you have seen 8%-9% MAT growth for Sugar Free. So do you have any comments on that?

Tarun Arora: So like I mentioned earlier in an earlier question I think we have seen good traction on Sugar Free especially some parts of Sugar Free. But overall numbers for the business is down largely on account of like we mentioned Nutralite price reduction and face wash. That is really pulling us down. Sugar Free we are seeing good traction. Obviously some parts of it are showing very good traction.

Moderator: Thank you. Our next question is from Viraj Mehta of Value Quest Capital. Please go ahead.

Viraj Mehta: I am kind of new to the company, so if I look at a 5 year history of Zydus Wellness, the company has shown very soft topline growth considering the inflation factors that were already built in the system from 2011 to 2015 and we showed I think close to 7%-7.5% kind of a topline growth. If you can just elaborate on the problems, why we kind of underperformed the market at all?

Tarun Arora: I think this needs a bit of more discussion. It may be better to pick this details in a one-on-one or a separate call or a meeting. We focus more on the near-term discussions because then there would be a most specific answer.

Moderator: Thank you. Our next question is from the line of Percy Pantaki of IIFL. Please go ahead.

Percy Pantaki: We have done about 2% sales growth this quarter and you mentioned that you are confident in the next 2-3 quarters of achieving a double digit sales growth. So what basically gives you that confidence that this 2% will become 10%-11%-12%. How will that extra 800-1000 basis points growth come from?

Tarun Arora: So like I mentioned to you I think it is based on initiatives, where the initiatives are working out. We are investing on the brands and the distribution initiatives are also kicking. So we are saying clearly some parts of it moving forward and this is clear response to our advertising

which is working where distribution is at place. So I think we should be back on growth on double digits over the next couple of quarters.

Percy Pantaki: So is this gestation issue because I recall that these initiatives I think were discussed even in the last quarterly call?

Management: What you have to understand is in the distribution side of it, now we are significantly more feet on street and our attrition levels have significantly come down, so we have stability in the team which is very critical to the business which took us some time because of the new model that we enacted and the other issues that we are seeing good momentum on many of the categories where we are seeing a good growth coming through and we are seeing that it is continuous like that and with the distribution increase that has happened with more people on ground once stable we see that the next trajectory looks like a double digit growth for us.

Percy Pantaki: Secondly my question n Everyuth, basically who are the main competitors which I think are, I mean know who are the players in the market but which are the competitors where you think you have the biggest risk from in terms of growth or market share, etc., and what are you doing in order to sort of mitigate that impact?

Tarun Arora: I think the major challenge remains in face wash and I think we need to focus on how to get more consumers in? I think the focus in clearly on getting consumers to try our products and like our products and positioning it right. So I would prefer to focus on that part. I think major players will remain as they are doing what they are supposed to do in terms of reaching out to the same consumers and that is where the major challenge would be.

Percy Pantaki: Sir in this category isn't there some kind of cross-selling between categories on the platform of your brand. So if a customer is using an Everyuth Scrub, is he not likely to use an Everyuth face wash or he looks at a different brand in a different category. I mean how does the consumer behavior work here?

Tarun Arora: So we see consumers making different choice across each of the segment. So therefore we have to work specifically to deliver value on each segment and that is why you see a differential results across the..... I would love to believe that everything works smoothly but it does not. Consumer behavior is based on the value we offer in each of these segment.

Percy Pantaki: So what is the reason that you have done extremely well in scrub and peel off, but not so well in face wash? It is the same brand, the values of the brand, the proposition, etc., are not very different. So what is the reason for success in a couple of categories and not so successful in one category?

Tarun Arora: I think our innovations in scrubs and peel offs have really worked very well for us, and our investment are fair enough to support that and that has really worked for us. Face wash has been aggressive over fairly high level of investment and some of our innovations we wish would have worked better.

Moderator: Thank you our next question is from Lakshmi Narayanan of Catamaran. Please go ahead.

Lakshmi Narayanan: Couple of questions. You mentioned that you have around 40% market share in the retail business of Nutralite. Am I right?

Tarun Arora: Yes, that is what Neilson reports.

Lakshmi Narayanan: In the institutional business what would be your market share, any number?

Tarun Arora: We cannot get because there is no third party report.

Lakshmi Narayanan: Fair enough and from a product realization point of view if I index that realization is 100 for retail, how much would be on a blended institutional basis for Nutralite?

Tarun Arora: It is roughly half.

Lakshmi Narayanan: And you also mentioned that there are 400,000 outlets where Everyuth is sold, am I right?

Tarun Arora: That is correct.

Lakshmi Narayanan: In that how much actually overlap with Sugar Free?

Tarun Arora: We have not done those analysis. We have about a little less than a 300,000 outlets for Sugar Free. Obviously in a direct distribution part most of them will but to do a separate analysis on that may be difficult because there is an indirect channel which caters very different for both these brands.

Lakshmi Narayanan: If I just look at Sugar Free, can you tell me what is the distribution channel total outlets it is available, and then how much goes via pharmacy store and how much goes via modern trade and how much goes via general trade?

Tarun Arora: So I think these are far more finer details. We have a significant proportion of our business coming through pharmacy which is the largest proportion followed by grocers. Modern trade is still small percentage. Each part has a different task really while pharmacy has been the biggest, we have a task there to focus on. I think we will be happy to grow, the growth is much bigger. Modern trade obviously is a growing segment historically for most brands. So we have a task for each one of them.

Lakshmi Narayanan: So if I look at the total pharmacy stores in India is around whatever numbers may be. Let us assume it is 100 right? In how many of these outlets you think in a Sugar Free has stopped currently and how much of theoretical maximum it can actually go up to because there will be something which will be in really rural areas where you do not want to touch, right? So out of the total pharmacy stores what would be your current penetration?

- Tarun Arora:** So these are some of the, should I say, more futuristic hypothetical kind of work which I think maybe we can discuss over a separate direct call, we can share. Our guess is we may be close to 25%-30%. But I think how many can be pushing the envelope, we define the category. Like we mentioned there is about 300,000 outlets and we are 95% in all the outlets stocking sugar substitute but the point is how much more can be on the envelope that we are trying to push on this category.
- Lakshmi Narayanan:** Then the other way to look at is, if the number of pharmacy outlet is say x and we are there around 300,000.
- Tarun Arora:** No, 300,000 is all inclusive, all outlets.
- Lakshmi Narayanan:** And any data on Sugar Free consumption by household and Sugar Free consumption by institutions?
- Tarun Arora:** So that will be a lot more detail for this call. Like I mentioned to you some of these specifics we could pick it up separately.
- Lakshmi Narayanan:** One last question Stevia, because I remember that you have launched, soft launched Stevia somewhere in 2015, right? Now I do not know where are we there because the price is almost, I think it is almost 2x of the regular Sugar Free Natura or Sugar Free Gold right? So whatever may be. So where are we on Stevia, has the market ready for Stevia, and where are we sourcing technology from first Stevia?
- Tarun Arora:** That is still under process and we are still learning from it. The fact is still are very-very small segment. A lot of it is talked but translating it to real numbers will take serious amount of time. So we are still learning from it within the soft launch we have done in a one state I think when we are ready for a national launch we will obviously share when we think we are ready for it. I think still a very small in share.
- Lakshmi Narayanan:** And who does the R&D on Stevia, do we actually, because what we understand is there are still people are trying to identify the Holy Grail there, right? Do we have a R&D here or we actually source it from outside for Stevia?
- Tarun Arora:** So we have our own internal capability which works with various people internationally as well. That is all I can share at this stage. But clearly we have own R&D team works on this along with various international organizations.
- Lakshmi Narayanan:** And what kind of tax rate one can actually assume for this year and in next year.
- Management:** Accounting tax rate will be around 10%-11%.
- Moderator:** Thank you. Our next question is from the line of Koustubh Pawaskar of Sharekhan. Please go ahead.

- Koustubh Pawaskar:** My question is on Sugar Free Delight. The product which we were kind of marketing or distributing for a last couple of years, that product could not be seen in the market and we have a clear demand for Sugar Free beverages which is building up. So your sense on this particular product whether you are planning to relaunch it in the market or how are you looking at this particular category over the period of time?
- Tarun Arora:** So we have stopped Sugar Free Delight and hence that is where it is. We are relooking at new set of categories that we could consider under Sugar Free brand and we will obviously share it at an opportune amount of time.
- Koustubh Pawaskar:** Yes sir, but the beverage is the space where we have been seeing that. There is a lot of demand for diet free or Sugar Free beverages. So are you tapping this particular segment or category?
- Tarun Arora:** Yes, we are looking at it. We also have to look at from various aspects. We are looking at it and we will let you know once we have.
- Moderator:** Thank you. Our next question is from Ashish Uppanlwar from Elara Capital. Please go ahead.
- Ashish Uppanlwar:** Just wanted to reconfirm, you mentioned this 0.3 or 0.4 million outlets, is it only the direct reach or the total reach of the product including the indirect distribution?
- Tarun Arora:** The 400,000 I mentioned was Everyuth as reported by Neilson, about 300,000 at a brand level for Sugar Free and reported by Neilson.
- Ashish Uppanlwar:** No, that is the entire reach of the product or is it the direct reach and wholesale has been....
- Tarun Arora:** Nielsen reports total reach.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question. I will now hand the floor back to Mr. Tarun Arora for closing comments.
- Tarun Arora:** Thank you very much. We will connect next quarter. Thank you.
- Moderator:** Thank you Mr. Arora and the members of the management. Ladies and gentlemen on behalf of Zydus Wellness Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.